

# COUNCIL *on* FOREIGN RELATIONS

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## **The International and the Domestic: Latin America and U.S. Policies and Politics**

Symposium Rapporteur Report by Sebastian Chaskel

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Latin America is the United States' second fastest-growing trading partner, its most important external source of petroleum, and the origin of most legal and illegal immigrants. As the pace of integration in the Western Hemisphere rapidly increases, the region's governments sense a greater need and desire to form more comprehensive foreign policies toward their own region. Yet, as policy experts and journalists discussed in a recent symposium hosted by the Latin America Studies program at the Council on Foreign Relations (CFR), "The International and the Domestic: Latin America and U.S. Policies and Politics," foreign policies toward the region are deeply tied to, and at times hampered by, domestic politics and policies. "It's become just abundantly clear that almost all the major policies that the United States has had and may be able to craft going forward toward Latin America are very much constrained, driven, sometimes distorted, [and] shaped by our own domestic politics here in the United States," said **Julia Sweig**, Nelson and David Rockefeller Senior Fellow for Latin America Studies and Director for Latin America Studies at CFR, as she introduced the symposium. In the midst of an election year, panelists discussed the relationship between U.S. politics and the United States' trade, energy, and immigration policies, as well as the growing Latino demographic in the United States and how it is shaping U.S. politics and policies and relations with other countries in the hemisphere. The symposium was a part of the "Globalization and Democracy" series at CFR, convened by Julia Sweig and **Shannon O'Neil**, Douglas Dillon Fellow for Latin America Studies.

## Session One: Trade

During the first session, panelists juxtaposed the fundamental role that trade plays in U.S.- Latin American affairs with the rising ambivalence in the United States toward free trade policies. **Carl Meacham**, Senior Professional Staff Member with the U.S. Senate Committee on Foreign Relations, said, “We see free trade agreements (FTAs) as an institutional relationship that goes beyond party, goes beyond Congress, goes beyond administration in creating a relationship with countries in Latin America.” Because an institutional relationship, once established, can transcend politics, Meacham argued, “that’s the right way to go,” even though he conceded that in the future it will be important to expand bilateral relations beyond trade.

The panelists all pointed out, however, that the future of FTAs is somewhat in peril due to grievances that have little to do with the agreements themselves. “It’s becoming, slowly but surely, part of received wisdom that the American dissatisfaction [with free trade] is not linked simply to what’s in the trade agreement but what is not part of the American worker’s life: ... the safety net,” said **Elizabeth Becker**, Fellow for Economic Policy Program at The German Marshall Fund of the United States, who presided over the panel. **Kimberly Elliott**, Senior Fellow at the Peterson Institute for International Economics and the Center for Global Development, agreed with Becker, adding that “opportunity nets”—initiatives and programs that facilitate the delivery of the potential benefits of trade—are equally important to making the most of free trade and making it politically viable. In order to illustrate her point, Elliott compared ambivalence toward globalization in the United States and in Europe, explaining that while in the United States this ambivalence revolves around trade, in Europe it seems to have more to do with immigration. Elliott explained that “the U.S. is sort of at one extreme in terms of having a very flexible labor market, but people are basically on their own if they lose a job.” In Europe, on the other hand, “it’s a much less flexible labor market and people tend to stay unemployed for a very long time in part because they have mechanisms that cushion unemployment,” Elliott added. In the short-term, therefore, Americans sense a greater cost to market opening (and therefore are resistant to free trade), but in the long-term Europe will feel a greater strain due to the low flexibility of its labor market. The ideal policy, she argued, may be “something in the middle where maybe the two sides of the Atlantic need to be moving.”

The panelists highlighted the urgency of U.S. domestic policy reform in order to move forward on the trade agenda. “I think doing something about health care and about pensions and about unemployment insurance and about trade adjustment assistance, those are things that will also help to lay the groundwork, I think, then to be able to go forward with the U.S. trade policy on a sounder footing,” Elliot said. “In my view, if we don’t do those things, or at least get started on those things early in the next administration, I just can’t see trade policy on any level with Latin America or globally really being able to go forward,” Elliot added.

**Janice O’Connell**, Senior International Adviser at Hogan & Hartson, LLP, expressed additional concern about the fast-track mechanism through which free trade agreements are often voted on in Congress, explaining that “the whole process has been called into question” due to the dispute between Speaker Pelosi and the Bush administration over the FTA with Colombia. Nevertheless, O’Connell argued that “regardless of whether Obama is president or McCain is president, in order to move the trade agenda forward, this debate [on the relationship between domestic and trade policies] is going to have to happen.” “We’re at a turning point in terms of how we approach trade in this country,” O’Connell concluded.

## Session Two: Immigration

The panel on immigration expressed frustration at many levels with the high levels of illegal immigration to the United States. “If we've got undocumented immigrants, whether they be from Mexico, Guatemala, El Salvador and the Middle East or wherever, to me, that is a major security threat,” said **Thomas F. McLarty III**, President of McLarty Associates, highlighting the security vulnerabilities of not knowing who is residing in the country. **Hector Tobar**, Columnist of the *Los Angeles Times*, who presided over the session, added that having millions of people living in the United States with limited legal rights is “a poison to the system.” “I don't think that is healthy for democracy,” Tobar concluded. **Edward Alden**, Bernard L. Schwartz Senior Fellow at CFR, discussed the problematic inconsistency with signing FTAs with the region while at the same time preventing people from migrating to more productive labor. “Illegal immigration from an economic perspective makes a lot of sense. It responds beautifully to the labor markets, whereas our legal system, because it's all tied up with bureaucracy and visa granting, responds very poorly and very slowly,” Alden said.

Alden explained that the Bush administration used immigration law in an attempt to disrupt future terrorist attacks following the terrorist attacks of September 11, 2001, because immigration law allows the government certain tools to detain and question foreigners in a manner that U.S. law does not usually permit. This strategy, however, has had a disproportionate effect on Latin American immigrants. “Inevitably, if you're using immigration enforcement as your way to keep bad people/terrorists out of the country, you're mostly going to end up arresting the largest population of people who are here in an unauthorized capacity, which is Mexicans and Latin Americans,” Alden explained. About 300,000 people, mostly Mexicans, were deported in 2007, compared to about 150,000 in 2001/2002, and at least 344 miles of fence have been built on the border with Mexico since 2006. The government's goal is to build another 326 before President Bush's term in office ends. Alden questioned the focus on the U.S. southern border, where most illegal entries occur. “In all my research I have not found a single example of a terrorist using the southwest border as a way into the United States. And there are many examples on the northern border.” “But, nonetheless, because we've chosen immigration enforcement, and because most to the problem of illegal entry is on the southern border, that's where the vast majority of the enforcement expenditures have gone,” he explained. Alden concluded that this strategy has had a palpable effect on immigrants, but has not necessarily been the wisest way to tackle the terrorist threat.

The panelists discussed how the United States' post-9/11 immigration policies may have a negative effect on perceptions of the United States abroad. “That image of a country trying to close this enormous land-bridge between itself and Mexico is now a dominant image in Latin American media,” Tobar commented. “Are we causing long-term damage to our relationship with Latin America by our current policies on immigration?” Tobar asked McLarty, to which McLarty replied, “I would reluctantly have to say, potentially, yes. .... It can do, I think, serious damage, and already has done some.” Alden added that the tightening of the borders has already had an effect on the United States' reputation as a leader in higher education. Since 9/11, for the first time in 40 years, universities have begun to see a significant fall-off in foreign students. McLarty explained how having foreign students in the United States affects the country's international standing. He shared experiences from his time in both the public and private sector in which he encountered people for whom studying in the United States “clearly has made a positive difference” and for whom the experience has had a positive effect on “how they relate to the United States.”

The unintended economic consequences of a tighter immigration policy were also discussed. Referring to the fall-off in the number of international students at U.S. universities, Alden said, “I think that the long term consequences for this economy are potentially quite severe.” Both McLarty and Alden shared a concern about the difficulty U.S. companies have been having, especially since 9/11, employing high-skilled foreigners in the United States. One example cited was that of Microsoft, which recently opened a research

facility in Vancouver, Canada, across the border from its other facilities in Redmond, WA. In explaining its decision, Microsoft claimed that the company would be able to hire talented engineers in Canada that it would be unable to in the United States. Tobar suggested that the governments of the Western Hemisphere may be looking elsewhere to countries such as China that may be perceived as having a greater interest in engaging with Latin America, in part because of the United States' unwelcoming image. McLarty concluded, however, that it is not just Latin American governments that are beginning to look elsewhere. Latin American businesses share the same view.

The panelists all agreed that American citizens' concerns about immigration should not be neglected. Asking the panel to take a step back from thinking about policy, McLarty said, "I think all of us need to well understand, acknowledge and appreciate that many of the concerns, feelings and even fears about immigration are real and palpable in our country, and you can't be dismissive of that or ignore them. They have to be addressed and dealt with." Alden added that the roots behind why the population has become so concerned with immigration have to do with the United States' immigration policies since 1986. These policies, which made it harder to move across borders, have provided incentives for foreigners to remain in the United States. Once immigrants realize they have to stay, they choose to bring their families, and once they are established with their families in the United States, they choose to move inland, where there are greater opportunities, because they no longer have the incentive to live close to the border. Once this happens, communities are created, bringing more people across the border. "Immigrant communities moving much farther into the heartland, I think is at some level a result of American policies," Alden said.

The panel concluded by analyzing the prospects of immigration reform during the next administration. McLarty pointed to the fact that immigration policy has not been front and center in the campaigns thus far, and took this as an encouraging sign that the next president may be able to muster the bipartisan support needed for immigration reform. He suggested that comprehensive immigration reform would probably move forward under either one of the candidates, although perhaps not during the next president's first year in office. Alden had the last word, encouraging the symposium's participants to follow the work of the CFR Task Force on Immigration, which will include recommendations for the next administration and Congress on immigration and is due out in early 2009.

### Session Three: Energy

The session on energy covered issues as diverse as the United States' dependence on Venezuelan oil, the implications of Brazil's recent large oil findings, the relationship between energy in the Americas and climate change, the potential of different emerging green energy technologies, and the prospects of the next president's policies. **David Rothkopf**, President and CEO of Garten Rothkopf, began by emphasizing the importance of energy in Western Hemisphere to U.S. interests. "Almost 52 percent of our oil imports come from the Americas," Rothkopf explained. **Michael Levi**, David M. Rubenstein Senior Fellow for Energy and Environment at CFR, added that "a wealthier Latin America is better for the United States from a trade perspective. A wealthier Latin America takes off pressures from the United States on the immigration front. And that kind of growth, that kind of wealth depends a lot on how Latin America and various countries in Latin America sort out their energy problems. So it's in the U.S. interest not only to sort out how we get energy resources from Latin America, but how Latin America handles its own energy situation."

The panelists expressed concerns about two of Latin America's largest energy producers, Venezuela and Brazil. Rothkopf explained that Venezuela is one of the top 10 countries in the world in terms of oil reserves and has taken advantage of its oil profits to do "what some in the United States consider mischief." **Steven Mufson**, Energy Correspondent for the *Washington Post*, who presided over the panel, added that Venezuela is "giving probably eight times the amount of assistance to other countries in the Caribbean and Latin America as the United States is doing." Rothkopf explained that this is helping Venezuela expand its influence in Latin America and the Caribbean, but he added that he does not find this particularly worrying "because they tend to be forming alliances with weaker countries and countries that will not at any time in the near future play an important role in terms of our national security priorities, at least at a high level." Nevertheless, Levi emphasized that "the flow of large amounts of money to regimes, that buy them a lot of freedom in their actions at home and abroad in ways that are inimical to U.S. interests and that we would really rather not be having to deal with" should be a concern to U.S. foreign policy. He explained that, from the perspective of energy security, Venezuela should be considered a threat not because it may cut off supplies to the United States, but because the United States is enabling Venezuela to act against U.S. interests.

Levi argued that Venezuela's place in U.S. energy security has "become a genuine foreign policy issue" because cutting Venezuela's oil profits will require cooperating with other major consuming countries, including China and India. Rothkopf, on the other hand, did not consider it realistic to attempt to decrease Venezuela's oil profits. "If the United States is going to get out of the business of buying oil from people we don't like, we're going to be off of oil pretty quickly," he quipped. "So we're going to keep buying oil from people we don't like because that's who's got the oil." Rothkopf expressed a greater concern about Brazil. "I think in terms of U.S.-Latin America policy, the single biggest change that'll take place over the next four years will be the ascension of Brazil to a central role among the community of nations," Rothkopf said. Mufson further characterized Brazil as "a big question mark as to how the country deals with these reserves: whether it becomes another petro-state, like some of the others where oil has been as much a curse as a blessing; or whether, in fact, they ... use revenues in a way that will be beneficial for the country." Rothkopf expressed a concern that President Lula's recent suggestion that Brazil create a second national oil company to redistribute the wealth associated with its new oil discoveries may represent "the first step towards the mischief that is typically associated with having oil." "It's quite possible that the next president of Brazil will have the populous bent of Lula, but perhaps not the discipline," Rothkopf warned.

The panelists agreed that climate change and environmental issues should be a significant concern in terms of Latin America's energy policies, and Brazil's in particular. Rothkopf estimated that about 40 or 50 percent of carbon dioxide emissions are associated with the Americas. Moreover, Levi explained that 20

percent of global carbon dioxide emissions come from deforestation, and Brazil is responsible for about a sixth of these, making it the second most significant source of this type of emissions. Rothkopf explained that the United States will need to decide how to encourage Brazil to stop deforestation. “Do you reward it for simply not engaging in bad behavior?” Rothkopf asked. Levi advocated for a multilateral approach, saying that “isolating one country and trying to sort it out that way will have some benefits, but limited ones.” As long as the demand for timber exists, deforestation will shift across national boundaries, he explained. He also said that he “wouldn't characterize it as rewards for stopping bad behavior because there are genuine social and economic drivers pushing things in Brazil, so it's more a reward for shifting to a kind of good behavior that benefits not only the local people, but also the world more broadly.” Rothkopf added that Latin American policymakers may lack an understanding of environmental issues, making them incapable of writing the laws necessary to target these issues. Levi suggested that Latin American governments may also lack the capacity to attract investment and build support for new kinds of energy technology.

Latin America is already experimenting with new energy technologies. Rothkopf explained that 90 percent of new cars in Brazil are capable of using biofuels and 25 percent of the cars there run on biofuels. Mufson explained, though, that the “size of the Brazilian biofuels industry is large by the standards of Brazil's economy, but not so much by the standard of our economy.” Rothkopf agreed, acknowledging that while Brazil will use biofuels for domestic consumption, as long as it has petroleum, it will export oil and not biofuels. Rothkopf forecasted that in 10 to 15 years, alternative energy sources such as biofuels, solar, wind, geothermal, and wave, will only add up to about 12 or 15 percent of all energy output. He therefore suggested that the green energy of the future will consist mostly of making traditional energy sources greener rather than finding new sources. He therefore predicted that the importance of coal energy would grow. Levi agreed, and added that there may be a substantial increase in natural gas use as well around the world, and that Latin America may play an important role as a natural gas source. Rothkopf offered another potential source: trash. “I think the biggest set of opportunities in Latin America is in municipal solid waste,” he said. “There's the technology to turn that into energy and it's not being taken advantage of right now.” He also suggested that green technology can usually be implemented through decentralized grids, eliminating the need for massive grids that are not available in poor areas of developing countries. Decentralized technology could therefore address both environmental and energy equality concerns, leading to a leap frog effect similar to the one experienced with information technology. Levi warned, though, that this microenergy model would still require expansive funding, and that this is what makes it different from the information technology example.

The panel concluded by considering what the next administration's policies may look like. “We can talk about what we want, and what ideal U.S.-Latin America policy would be and all of that, but we're not going to focus much on Latin America in the next eight years,” Rothkopf said. “So if the countries in the region have a problem, they're going to have to get their act together and start solving that problem on their own, because the United States is not going to have the time or the wherewithal to do it.” Levi asked the panel to take a step back and suggested that the “one place where the United States probably can play a significant role” is with funding. He suggested ensuring that energy and environmental concerns are taken into account in the United States' development assistance, and that the United States work through multilateral organizations in order to funnel funds into environmental and energy initiatives. Rothkopf agreed that there are “many gigantic global governance mechanism voids on issues of climate, and they're going to have to be addressed because you need to deal with these things on a multilateral basis effectively.” He recommended that the United States, though, “get comfortable with the fact that other people's money and, therefore other people's influence, is actually going to be setting these policies and these guidelines.” “We're going to have to live with this new reality,” Rothkopf concluded.

## Session Four: The Growing Latino Demographic

During the fourth session of the day, **Arturo Vargas**, Executive Director of the National Association of Latino Elected and Appointed Officials (NALEO), gave a keynote talk on the Latino demographic. He explained that there are now about 5,200 elected Latino officials and an untold number of appointed Latino officials. Of the 5,200, 27 are in Congress and 280 in state legislatures. Although at first glance impressive, this is only 1 percent of all elected positions in the United States. Latinos, therefore, remain underrepresented. Furthermore, Latino elected officials are heavily concentrated in the southwestern states. Latino elected officials from California and Texas account for about 60 to 70 percent of the national total, and if you add New Mexico, those three states represent about 80 percent of Latino elected officials. In terms of influencing foreign policy, Vargas noted that there are 3 Latinos serving in the Senate with a particular interest in foreign policy: Senators Salazar, Martinez, and Menendez. He also mentioned Representative Silvestre Reyes, who grew up in El Paso, served as the chief of the border patrol in Texas, and is now working on foreign policy issues in the House of Representatives.

Vargas predicted that the number of Latino elected officials will grow in the future for two reasons. First of all, the Latino population is growing at a faster rate than the U.S. population in general. Every 15 seconds the United States grows by one person, and every 30 seconds that person is Latino or Latina, he explained. Most new Latinos are born in the United States, Vargas added. **David Ayón**, Senior Research Associate at The Center for the Study of Los Angeles at Loyola Marymount University, who presided over the session, added that there are currently 45 million Latinos in the United States, making up 15 percent of the U.S. population. By 2042 it is expected that Latinos will be the largest minority in the country, making up about 30 percent of the U.S. population. Secondly, Vargas explained that “we’re reaching that saturation level where state legislative districts and congressional districts that are majority Latino are largely represented already by Latino elected officials.” He therefore expects future Latino candidates to be “crossover candidates” who appeal to various demographic groups.

Vargas said that Latinos played an important role in both parties’ primary elections in 2008. The change in the primary schedule gave states with significant Latino populations, such as California and Nevada, a more significant role. John McCain received 51 percent of the Latino vote in Florida, Vargas explained, “and Florida gave new life to his campaign.” “Had no Hispanic voted in Florida in that primary, which put John McCain on the trajectory to win the nomination, Mitt Romney would have won by 16,000 votes,” he said. In the democratic primary, “it was Hillary Clinton’s Latino support that kept her alive.” Hillary Clinton’s ability to win about two-thirds of the Latino vote in California, Nevada, Arizona, New Mexico, and Texas that allowed her to continue her candidacy through June.

Vargas expects 9.2 million Latinos, more than ever before, to vote in the 2008 presidential elections. This number would represent between 7 and 8 percent of all U.S. voters. Vargas explained that his job is to target the 7.8 million Latinos who are not expected to vote. Of those that will vote, Vargas expects two subsets of Latinos to dominate. The first is Latino citizens by choice, those that have naturalized and, according to Vargas, “do not take voting for granted. In fact, naturalized Latino citizens outperform native-born citizens and outperform other demographic groups.” The second group is Latino youth, who have been active citizens in promoting comprehensive immigration reform in the past two years and are now eligible to vote.

Ayón explained that most Latino voters are in California, Texas, and Illinois, states that are known for predictably voting for the same party in every election. “Why would the candidates pay attention to the Latino vote if they’re concentrated in noncompetitive states?” Ayón asked. Vargas explained that there are “four key states that are in the competitive battleground category where the Latino electorate can absolutely make a statewide difference.” In Colorado, Florida, Nevada, and New Mexico, the Latino electorate surpasses the margin of victory between Bush and Gore in 2000 and Bush and Kerry in 2004. Vargas said

that “there will be aggressive efforts to turn out the Latino vote in these four states, and these four states could well hold the key to the election come November.”

Vargas said that about 15 to 20 percent of Latinos voters are registered as Republicans, while about 50 percent are registered as Democrats. The younger the Latino voters, though, the more they tend to register as independents or decline to state their party. Vargas complained that candidates often “marry Latinos and immigration together as if they were a single-issue constituency,” while in fact the most important issue to Latino voters is the economy and the second most important is the war in Iraq. “There is a disproportionate number of Latinos serving in the military and many people are touched personally by the service of their sons and daughters abroad,” Vargas said. Polls show that Latinos express a greater concern about the war in Iraq than do non-Latinos. Immigration is not an important driver in terms of deciding who to vote for, Vargas explained, but it does “inspire people out of anger, out of fear, to come out and vote.”

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Over 100 guests attended the symposium. Transcripts and audio files are available at [www.cfr.org](http://www.cfr.org).